The Bruising Battle for a Harlem Bank
Grumman's Victory in the Falklands and Lebanon
Forecast: The Big Interest-Rate Move Is Over

$3.00 September 20, 1982

FORTUNE

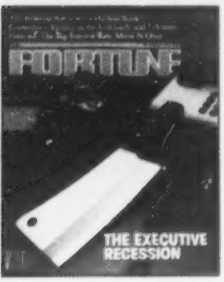
C8900-1 9/13/82

THE EXECUTIVE RECESSION

MAY88 000 ES520099Y 52 08 14
CONGRSSNL INFO SVC MD34
4520 EAST-WEST HWY
STE 800 SRI ACQ
BETHESDA MD 20814

BEST AVAILABLE COPY

FORTUNE



The unwelcome new management tool on the cover reflects the pay and benefit cutbacks of an austere climate for executives. The photograph is by Carl Zapp, and the article is on page 50.

62 Grumman

76 Bank Battle

90 Outings

Departments

4 THE EDITOR'S DESK

7 IN THE NEWS
Citicorp's western adventures, a fabulous fortnight on **Wall Steet**, **International Harvester** gets out of construction equipment, Paley after **CBS**, Chapter 11 for **Manville Corp.**, a savvy marketer for **Whirlpool**, compulsory computers at **Stevens Institute**—and more

19 LETTERS TO FORTUNE
On Mexico's troubles, espionage at Harvard, lies on the résumé, the privacy of clubs, and other matters

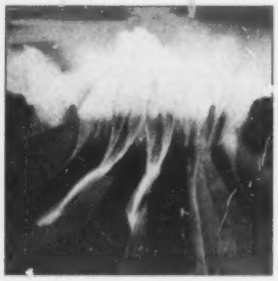
41 FORTUNE FORECAST
The big interest-rate move is over
The grain glut dampens prices and farm incomes

ACKNOWLEDGMENTS

Cover—Leather goods courtesy Mark Cross. 4—C. Ted Kappler. 7—David Burnett-Contact. 19—Aton Reininger-Contact. 41,42—Chartmakers Inc. 47,48—Michael McGinn. 64,66—Courtesy Grumman Corp. 115—Map by Jon E. Herrmann. 124—Chart by Karl Hartig. 128,129—Arnold Zann-Black Star. 141—Illustration by Jon E. Herrmann, charts by Patricia Byrne.

FORTUNE (ISSN 0015-8259), September 20, 1982, Vol. 106, No. 6. Issued biweekly by Time Inc., 3435 Wilshire Blvd., Los Angeles, Cal. 90010. Second-class postage paid at Los Angeles, Cal., and at additional mailing offices. Subscriptions: U.S., U.S. possessions: one year $36; Canada: one year $46; elsewhere: one year $42 to $70. Single copy $3. Address all subscriptions and correspondence concerning them to FORTUNE, 541 North Fairbanks Court, Chicago, Ill. 60611. Principal offices: Time & Life Building, Rockefeller Center, New York, N.Y. 10020. Address correspondence concerning editorial material to FORTUNE, Time & Life Building, Rockefeller Center, New York, N.Y. 10020. J. Richard Munro, President, J. Winston Fowlkes, Treasurer, Charles B. Bear, Secretary. Authorized as second-class mail by the Post Office Department, Ottawa, Canada, and for payment of postage in cash, Mexico. Autorizado como correspondencia de segunda clase—registro DGC-Num. 051 0881, características 226251415, por la dirección general de correos de México. Responsable en México para efectos postales: Carlos Ruz Pliego, Lebnitz 13, México D.F. 11590. Member, Audit Bureau of Circulation. POSTMASTER: Send address changes to FORTUNE, Time & Life Building, 541 North Fairbanks Court, Chicago, Ill. 60611. © 1982 Time Inc. All rights reserved. Reproduction in whole or in part without permission is prohibited. FORTUNE is a registered mark of Time Incorporated.

September 20, 1982



114 Power

122 Beatrice

47 KEEPING UP
Dumb power, firing the old folks, spooking capital gains, and other matters
by Daniel Seligman

139 PERSONAL INVESTING
The new gleam in silver
by Aimée L. Morner

145 ON THE ROAD
Flying first class
by Roy Rowan

153 BOOKS AND IDEAS
Gloom and doom on energy
by William Brown

157 OFFICE HOURS
What to do with the children
by Walter Kiechel III

MANAGEMENT
50 Hard Times Catch Up with Executives *by Jeremy Main*
Companies are cutting benefits, pay, and jobs among the once immune managerial ranks—and some of the givebacks could be permanent.

REGULATION
57 The Chemistry Is Getting Better at the EPA *by William Tucker*
With industry's help, the Reaganites are on the trail of toxic substances.

DEFENSE
62 Grumman's Comeback *by Myron Magnet*
The fierce little wars in the Falklands and Lebanon made the beleaguered company's complex aircraft look like the right stuff.

BANKING
76 The Bruising Battle for a Harlem Bank *by John F. Berry*
Freedom National's management pulled the tiny bank from the brink of failure. Now it is fighting a takeover attempt.

PICTURE PORTFOLIO
90 When the Company Goes Fishin'
At corporate outings, shop foreman and chief financial officer romp as kids again.

FORTUNE PANEL
98 Are the Unions Dead, or Just Sleeping?
Six economists serve up perspectives on organized labor.

ENERGY
114 Pushing to Peddle Canadian Power *by Peter A. Holmes*
Quebec will soon have an abundance of cheap electricity to export. It may, in fact, have an overabundance.

COMPANIES
122 The Bigness Cult's Grip on Beatrice Foods *by Geoffrey Colvin*
Jim Dutt looked like the first boss in years to put profits before growth—until he saw a chance to buy a big soft-drink bottler.

PHILANTHROPY
130 Reagan's Second Thoughts on Corporate Giving *by Marvin N. Olasky*
The White House started out with a fresh look at how business could meet some social needs. Then political needs got in the way.

BANKING

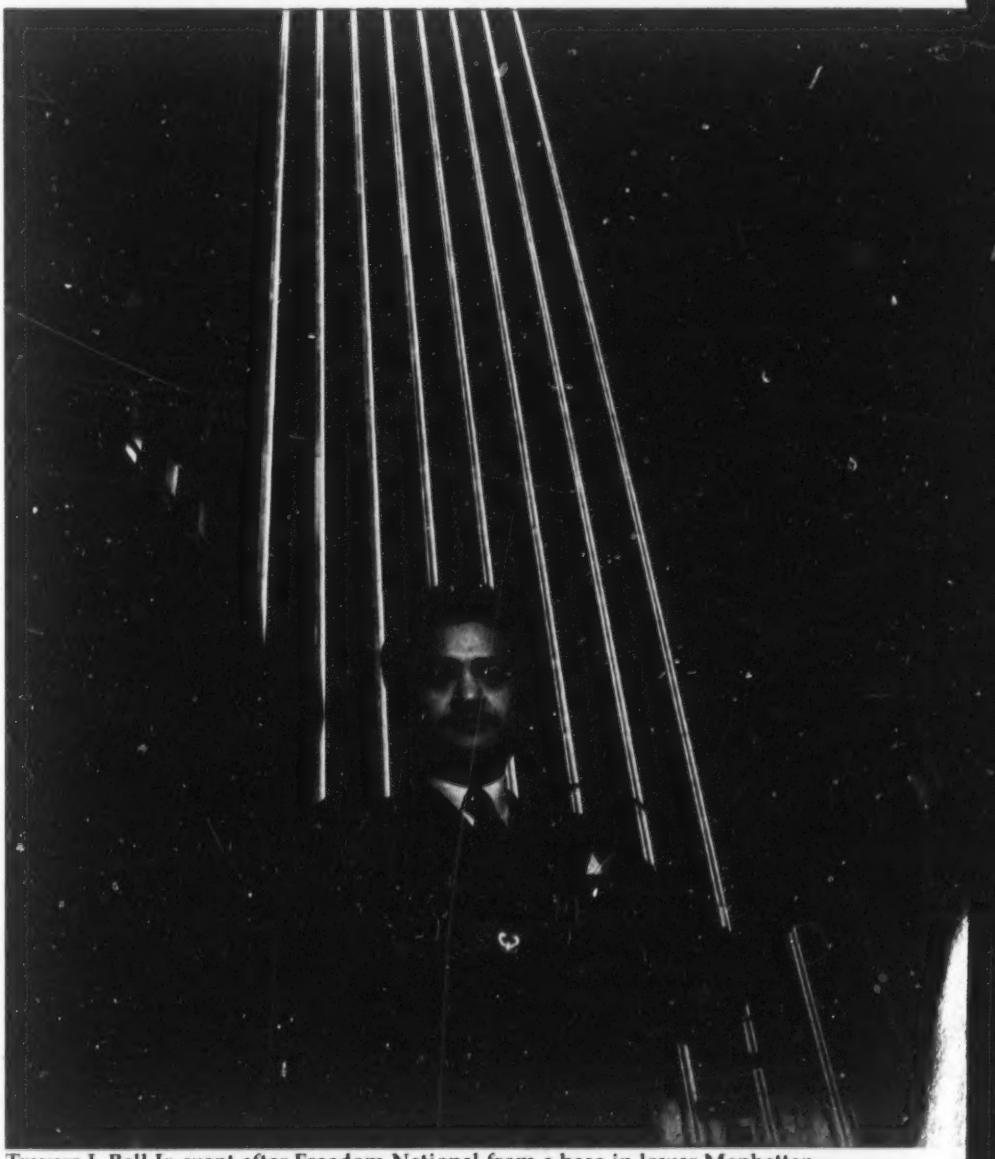
The Bruising Battle for a Harlem Bank

by JOHN F. BERRY

When the controlling block of stock in one of the most profitable commercial banks in New York City came up for grabs last fall, a bitter battle ensued. In the months since, the fight has raged along a predictable course, with some familiar players joining the fray. Wachtell Lipton Rosen & Katz, the Park Avenue law firm that specializes in takeover fights, took the bank's side, and investment bankers at Goldman Sachs lent a hand. Venomous lawsuits were filed and proxies distributed. In midsummer the two sides met at a contentious annual meeting at which the dissidents captured three of the 12 seats on the bank's board of directors and vowed to continue the fight for control.

One of the circumstances setting these events apart from other takeover battles is that all the principals in the struggle are black; only the hired guns are white. But what is more surprising is the target—little Freedom National Bank, headquartered on West 125th Street in the heart of Harlem. With over $127 million in assets last year, Freedom is one-tenth of 1% the size of Citibank (1981 assets: $103 billion). In average return on assets, however, Freedom National in 1981 outperformed the big New York banks (see chart, page 78).

The bank has achieved this record through shrewd management plus special advantages that it gains by being black-owned, including access to some of the nation's largest corporations, which ordinarily wouldn't have much to do with such a tiny outfit. Being black-owned also helps Freedom attract a high-powered board of directors. Federal law prohibits officers of one bank from serving on another bank's board, except in the case of minority-owned institutions or banks in



Travers J. Bell Jr. went after Freedom National from a base in lower Manhattan.

Freedom National's management pulled the tiny bank from the brink of failure. Now it is fighting a takeover attempt.

depressed areas. On Freedom's board are officers of Chase Manhattan and Morgan Guaranty Trust Co., as well as American Express and the big accounting firm of Arthur Young & Co.

The ruckus over Freedom National was started by Travers J. Bell Jr., 41, an aggressive venture capitalist who is president of Daniels & Bell Inc., the only black-owned firm that is a member of the New York Stock Exchange. Bell grew up in a Chicago housing project. After graduating from high school in 1959, he got a job at Dempsey Tegeler Co., a small brokerage firm where his father worked as a clerk. By his mid-20s, Bell was part of management, running most of Dempsey Tegeler's Midwest branches. In 1971 he moved to New York and, with capital provided by Daniel Lufkin of Donaldson Lufkin & Jenrette and others, started Daniels & Bell with a former Bache salesman, Willie Daniels. Daniels has dropped out of the firm.

Regarded as an interloper by Freedom National's management, Bell for years has been accumulating stock in the bank through a private holding company, Dan-Bell Group Inc., which is owned by his family and employs his father, two sisters, a daughter, son, nephew, and an ex-brother-in-law. Last year he was able to put his father on the Freedom National board. He says forthrightly that he wants control of the bank because he sees it as a good investment. But he also argues that Freedom National has done too little for the black community.

The mural behind President Sharnia Buford at Freedom National is of 125th Street.

"We lend with our head"

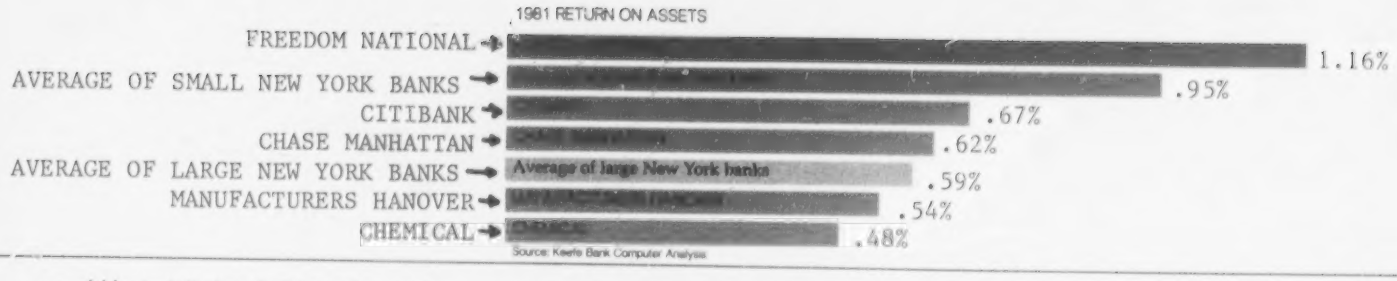
Freedom National's president and chief executive is Sharnia Buford, 43, who has been called Tab since early childhood. Tab Buford, whose total compensation from the bank was $138,000 last year, is the prototypical organization man, smooth, conservative, diplomatic, a careful administrator. One of 19 children, he grew up on a northeastern Texas farm and was president of the black-owned Douglass State Bank in Kansas City, Kansas, when he joined Freedom National in 1977. Though Buford emphasizes Freedom's links to the black community, he holds that the bank's first responsibility is to make money. Says Buford, in a measured Texas drawl, "We lend with our head, not with our heart."

Buford's principal ally in his struggle to fend off Bell is James H. Dowdy, 50, the strong-willed president of a powerful, federally funded nonprofit organization, Harlem Commonwealth Council (HCC), which is a large investor in Freedom National. Harlem born, Dowdy was a plumber who went into the vending-machine business. He joined the board of HCC a dozen years ago when the organization was floundering and about to lose its federal backing. Dowdy took charge and the feds kept the money flowing. In the years since, HCC has received over $30 million in federal aid. More than one-quarter of the money has gone into social programs, such as youth employment training and neighborhood grants. But about $17 million has been used as venture capital, and HCC has borrowed $23 million from commercial banks.

Dowdy has plowed the money into a broad array of businesses--a lumberyard, a foundry, a manufacturer of supermarket equipment, real estate, construction, computer services, and more—all operated under the HCC umbrella. HCC boasts that its companies have paid various governments nearly $15.5 million in payroll and real estate taxes. The organization charges the operating companies what Dowdy describes as a "modest percentage"—he won't be more specific—for management services. HCC owns Freedom National's storefront office on West 125th Street (annual rent: $74,952). In 1981 HCC paid Dowdy about $100,000.

Dowdy, who is at least as streetwise as his adversary, says of Bell: "He's trying to build an empire. He doesn't want to destroy the bank. He just wants it for himself." Bell is no cheek-turner. In an interview in May with the *Amsterdam News*, a black-owned New York daily, he called Dowdy and Freedom National's then chairman, Frank Savage, 44, "the Jesse James boys." If Freedom were a white-owned bank, he declared, "these guys

Photographs by Bill Hayward



would be in jail already." Dowdy and Savage, an Equitable Life vice president who has since left the Freedom board, say they are considering suing Bell for defamation of character.

Not long ago no one would have thought Freedom National worth fighting over. Founded in 1964 by Jackie Robinson, the first black player in major league baseball, the bank was put in the hole by bad loans during each of its first ten years, and it lost about $4 million. The original stockholders' equity of $2.5 million—mainly from black investors—was more than wiped out. In 1972 Robinson, as chairman, finally got a sophisticated financial hand on the board—J. Bruce Llewellyn, a black businessman who owns Fedco Foods Inc., a New York City supermarket chain. Two months later, Robinson died of a heart attack at 53 and Llewellyn became chairman.

A friend at Chase

In 1974, with the blessing of Chase Manhattan Chairman David Rockefeller, Llewellyn persuaded Hughlyn Fierce, a Chase vice president, to serve as president of Freedom National. (Fierce, 46, is now back at Chase.) Faced with a threat by the Comptroller of the Currency to close the bank, Llewellyn and Fierce turned for help to Rockefeller, to Walter Page, president of Morgan Guaranty, and to other friends in the New York financial community. At no charge, the investment banking houses of Morgan Stanley and Goldman Sachs worked up a private placement plan to recapitalize the bank. The city's major clearinghouse banks purchased $2.2 million of preferred stock carrying 4% and 6% dividends, while the Ford Foundation lent $1 million at 8% and granted a five-year moratorium on the interest.

The Ford Foundation's investment contained a significant stipulation that figures in Bell's bid for control of the bank. The stipulation was that the Harlem and Brooklyn communities had to invest at least $500,000 in the bank. When no individual investors came forward, HCC and another nonprofit community organization—Bedford Stuyvesant Restoration Corp., an organization conceived in the 1960s by Robert F. Kennedy and dedicated to rebuilding a devastated black neighborhood—each put up $250,000. Each organization got 10,000 shares of preferred stock, convertible into 44,444 shares of Freedom National's common—24.7% of the outstanding common.

Under Fierce and Buford, Freedom National was turned around. The bank was helped in the early years by the federal government's policy of encouraging minority-owned banks by depositing funds in them (see box, page 88).

But it is corporate connections that Freedom National has pursued most aggressively, seeking to get companies to pay their federal income and employee withholding taxes through it. This gives Freedom a foot in the corporate door, while providing a company with an easy—and no-cost—way of putting so-called conscience money into a minority enterprise. The company pays its taxes at the end of a business day and Freedom gets to control the money overnight, lending it to other banks before transmitting the tax payment to the Treasury. Some of the biggest corporations in New York pay part of their federal taxes through Freedom, among them Prudential Insurance, Schlumberger, International Paper, Avon Products, and American Broadcasting Co. Philip Morris, as one example, pays $5 million of federal taxes through Freedom National five times a year.

A 19-member professional staff, mostly trained in the city's big banks, puts together deals that are extremely sophisticated for a bank of Freedom National's size. In 1981 $46.5 million of the $52 million that the bank lent went to corporate borrowers. It might appear that Freedom would find its tiny loan limit—$650,000, about 10% of capital, to any one borrower—a handicap in lending to big borrowers. Freedom gets around that by putting together consortiums of minority banks. As agent, Freedom collects a fee from the corporation for handling the paperwork.

Small Is Profitable

Little banks tend to realize more profit in relation to average assets than large ones because more of their lendable funds come from low-cost savings and checking accounts. Freedom National is unusual among small banks in that it also does a lot of business with big corporations.

Sixty-eight banks, with Freedom National as the lead, participated in a recent $10-million syndication to Prudential, while last month 12 banks led by Freedom lent $2.5 million to Joseph E. Seagram & Sons. Heublein Inc. borrowed $4 million from a 16-bank syndicate headed by Freedom. Now Heublein has agreed to guarantee loans made by Freedom and other banks to minority purchasers of Heublein's Kentucky Fried Chicken franchises—a deal negotiated with Heublein by Operation PUSH, a civil rights organization led by the Reverend Jesse Jackson.

About 80% of the corporations that have established credit lines with Freedom National don't actually borrow the money. Instead the company uses its line of credit as collateral to borrow in the commercial paper market, where rates are lower. Philip Morris, probably Freedom National's foremost corporate friend, actually borrows from Freedom at prime as a favor to the bank. It's expensive money—recently the prime rate was around two percentage points higher than the rate on commercial paper—but the company says it is worth the price. "We're really looking at it as another marketing tool," says assistant treasurer Edward Silcock. "We're in the consumer business, and the more we can get our name splashed around, the better." To be sure that its name is adequately splashed, Philip Morris aims ads at black consumers describing its dealings with minority-owned banks.

Risky consumer and real estate loans account for only 12.5% of Freedom National's total loans, about one-eighth the proportion for other banks its size. But what of Freedom National's professed role in the black community? Tab Buford claims that fully 30% of Freedom's loans went to blacks and their creditworthy organizations and enterprises. No matter that the

continued

bank is not structured to lend black consumers money to buy cars and houses. Freedom's boosters argue that just the presence of a successful black bank in Harlem and Bedford Stuyvesant is good for the communities. Possibly so, but to borrow Buford's imagery, Freedom's heart may be in Harlem and Bedford Stuyvesant, but its head these days is downtown.

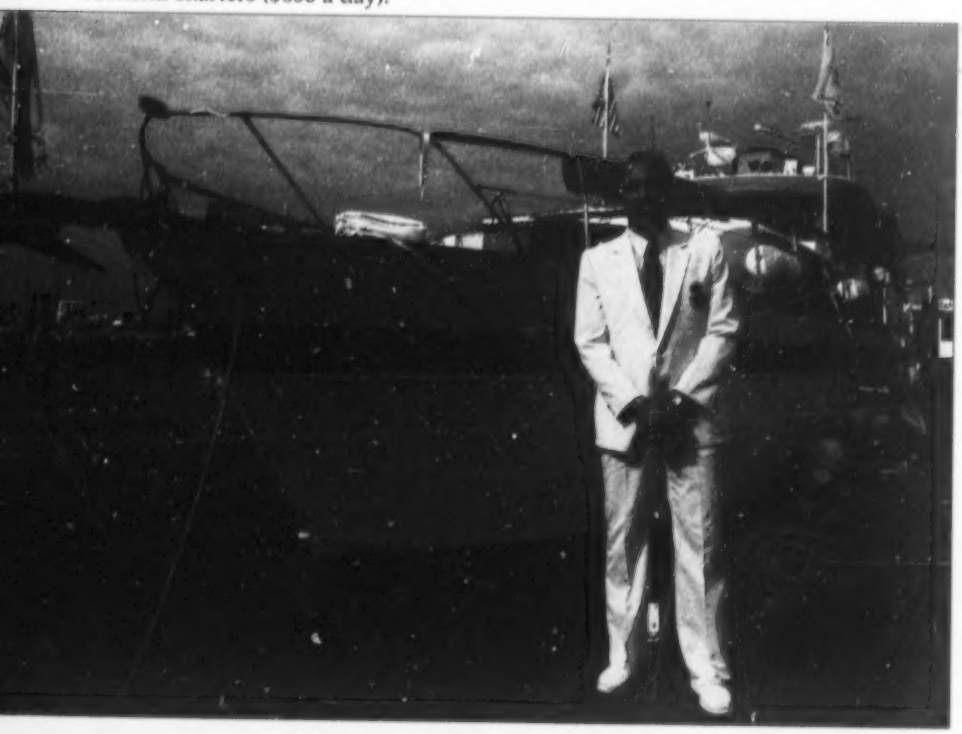
Also downtown is Travers Bell Jr., who last year saw a chance to seize effective control of Freedom National by buying Bedford Stuyvesant Restoration's 10,000 shares of preferred stock. Bedford Stuyvesant received some $60 million in federal money over a 15-year period and invested those funds mostly in construction and building renovation in Brooklyn. When federal funds were slashed in the late 1970s, the community agency was caught with fixed assets and little cash. It decided to sell its Freedom National stock, and last October Bell bid $325,000.

Bedford Stuyvesant turned him down cold. In November a group of bank directors led by Frank Savage bid $610,500—a little over book value—for the stock. Meantime Bell was continuing to buy stock wherever he could find it—one purchase was of just one share at $15—and the bank sued to enjoin Bell from buying more, alleging he had violated federal securities laws by failing to disclose that he was seeking control of the bank. A federal judge denied the injunction after the Savage group's offer for the Bedford Stuyvesant block surfaced, and the suit was later dismissed "with prejudice."

That deal did not go through, however—members of the Savage group began to disagree about their objectives and withdrew the offer. In April HCC stepped in and bought the stock at the $610,500 price. Declares Dowdy, "We categorically don't want control of Freedom." He promises that once Bell is rebuffed, HCC will sell the Bedford Stuyvesant stock in small quantities to individuals and organizations in the black community.

While trying to get the courts to cancel HCC's deal, Bell intensified his effort, through Daniels & Bell, to buy out small stockholders. Bell let it be known that he was so sure of success in his drive for control that he already was interviewing replacements for the bank's management, especially Tab Buford.

James Dowdy, president of Harlem Commonwealth Council, controls the largest single block of Freedom National stock. Dowdy makes a sideline of buying, refurbishing, and selling boats—each bigger than the last. The 57-foot *Elsia III* is named for his wife, who serves as chef for weekend charters ($850 a day).



Acrimony over a loan

In the face of Bell's takeover threat, Buford visited John Whitehead, senior partner of Goldman Sachs, who directed him to Wachtell Lipton. After ten days of investigation, Wachtell founding partner George Katz decided, he says, that "Bell was not in the best interest of the bank, shareholders, or community." Wachtell Lipton took Freedom National as a client without charge, mounting a vigorous proxy campaign for election of the bank's slate of 12 directors and suing Bell. The suit charges that he failed to comply with federal securities laws and made an "unlawful tender offer" for Freedom's shares.

Acrimony between Bell and the bank is not new. In 1978 Bell guaranteed a $10,000 loan that Freedom National made to the then president of Daniels & Bell, who defaulted. Bell failed to make good on his guarantee until the bank sued; eventually Freedom settled for 90% of the loan. Bell blames "clerical mixups" at the bank for the slow settlement.

Bell is guarded in talking about his financial operations. He claims that the transaction volume of his brokerage firm, Daniels & Bell, now amounts to about $2 billion a year—a modest turnover by industry standards: Merrill Lynch Pierce Fenner & Smith last year handled $74 billion of publicly traded equities alone. His DanBell Group owns Daniels & Bell (Afri-

continued

ENCORE
ECUATORIANA

Just because you fly for business doesn't mean it has to be work.

We make the business flight as free of problems, delays and time-wasting irritations as a major airline can. So when you fly to our America for business, you arrive ready for the opportunities our direct (or easy connecting) flights offer. We bring you to Quito, Guayaquil, Rio de Janeiro, Lima, Santiago, Buenos Aires, São Paulo and Panama with dependable, frequent service from New York, Los Angeles and Miami. We also serve Bogotá, Cali, Caracas, Mexico City and Nassau.

Our teleticketing service starts to make your flight a relaxing experience even before you board. Our cabin service has a distinctive Ecuadorean flavor. Ask your travel agent or corporate travel department to book you on Ecuatoriana. Then let us make getting down to business, a pleasure.

Call toll-free for information and reservations: 800-ECUADOR (800-328-2367). Miami: (305) 592-0200. Canada: 800-268-7537. Toronto: (416) 968-1557.

ECUATORIANA
the airline of all the Americas®

Tempers and the temperature soared.

ca) Ltd., which Bell says counsels businesses in Togo, Niger, Algeria, and Ghana on contracting with American firms. More significantly, the holding company owns Cocoline Chocolate Co., a Brooklyn candymaker.

Bell says his stock acquisitions have been financed by "my own personal capital from my own personal and private resources." The best guess is that Bell's financing comes from DanBell Group's interest in Cocoline. Bell acknowledges that DanBell collects annual management fees of $150,000 from Cocoline, and Wachtell Lipton has alleged that DanBell also borrowed $235,000 from Cocoline on very liberal terms. But Bell claims that his advice to Cocoline on marketing, commodity hedging, cocoa buying in Africa, and corporate strategy has turned a $3-million-a-year company into what he says is an "extraordinarily profitable" concern with $15 million in annual sales. Asserts Bell: "Whatever that company can do to keep me happy, it should do and will do."

No time for soul talk

The showdown in the fight to control the prosperous little bank came in late July at Freedom National's annual meeting, held in a back room at HCC's headquarters, two blocks from the bank on West 125th Street. In the packed hall, tempers and the temperature soared as shareholders fanned themselves with proxies.

Bell, as usual elegantly dressed, in a deep-blue double-breasted suit, white shirt, and striped tie, addressed the stockholders as "brothers and sisters." They were in no mood for soul talk. They shouted, "No. Not here. Not that." Someone yelled, "Where were you in 1975?"—the year of Freedom's near collapse. Bell pressed on, suggesting that Freedom should get its advice from his black-owned firm, rather than accept the free services of Goldman Sachs. "That tactic is not going to work," Dowdy declared.

Althea Gibson, the 1957 and 1958 Wimbledon women's singles champion, was among the 200-plus stockholders. Now recreation manager for East Orange, New

continued

The Rapid Rise of Minority Banking

Chinese, blacks, Hispanics, and other minorities have long operated banks on the fringes of American finance, but it was President Richard Nixon who first gave special status to institutions such as those whose logos appear at right. (Clockwise from top left: Freedom National; American Indian National, Washington, D.C.; Hispanic-owned Popular Bancshares, Miami; black-owned United National, Washington; and Women's National, Washington.) In 1970 the Nixon Administration established the federal government's minority bank deposit program.

Under the program the Treasury Department encouraged federal agencies to deposit funds in minority-owned banks. In 1970 these banks had total deposits from all sources of $300 million. In fiscal 1981, deposits from government agencies alone averaged $302 million, and more than $18 billion in federal funds flowed through the banks.

When the program started there were only 28 minority-owned banks in the country. The number surged to a high of 100 in 1979. Nine of the banks have failed in the 12 years, eight black and the other Hispanic. According to Federal Reserve Board statistics, by the end of 1981 there were 95 minority-owned commercial banks with total deposits of $3.7 billion. (Bank of America, the nation's biggest bank, had $96 billion.) Forty-six banks are owned by blacks, 29 by Hispanics, eight by women, nine by Asians, and three by American Indians, Eskimos, and Aleuts.

While there are 17 more black than Hispanic banks, the latter have $1.4 billion in assets against $1.3 billion for black banks. Freedom National Bank, with $127 million in assets, is the biggest black-owned commercial bank in the country, but it is small change compared with such Hispanic-owned banks as the Bank of Miami, which has assets of $260 million.

The outlook for the minority banking program is uncertain. Tighter federal budgeting by the Reagan Administration and changing banking practices may doom the program. Agencies that once were told to seek out minority banks are now being ordered to emphasize managing their money in the most efficient way possible. For example, not long ago minority-owned banks were allowed to hold federal income- and employment-tax payments from corporations for upwards of a week. Now all banks must pay interest if they hold such deposits longer than overnight.

Changing banking practices may make it difficult for many minority-owned banks to keep growing, because of added competition. The Community Reinvestment Act of 1978 bars big banks from "red-lining"—refusing to offer mortgages to sections of a city where minorities live—and other restrictive practices. Now the big banks are putting branches in sections that minority bankers once had to themselves.

Jersey, Gibson bought 40 shares of Freedom in 1964 because she wanted to support the black institution and because Jackie Robinson was behind it. "It's the only stock I ever bought," says Gibson, who supported management against Bell.

Bell also had a famous athlete on hand for the meeting. His slate of seven candidates for the board included Charles "Mean Joe" Greene, 35, the former Pittsburgh Steelers defensive tackle who gained national recognition by making a TV commercial in which he flipped his sweaty football jersey to a kid in exchange for a Coca-Cola. Mean Joe is now an owner of a restaurant chain based in Dallas.

Upstairs about a dozen attorneys gathered in a conference room to count proxies in a tabulation overseen by representatives of Manufacturers Hanover. Nearly 90% of Freedom National's 106,655 shares outstanding, owned by 1,640 stockholders, were voted, an extraordinary turnout spurred by radio and newspaper advertising campaigns. The balance of power lay with the small stockholders. As the meeting opened, Bell and his backers held over 20% of Freedom's shares. HCC had been converting some of its preferred stock to common to offset Bell's purchases, but was caught a little short with 16%.

The counting dragged on until evening. With some proxies still contested, the meeting recessed. Four days later, the results were official. Management won nearly 90% of the uncommitted proxies, but because Freedom's bylaws call for cumulative voting, Bell got three seats on the board. (Under cumulative voting, each share carried 12 votes—one for each place to be filled on the board. These votes could be spread around or cast for a single candidate, thus increasing the chances of a minority candidate to be elected.) Bell did not choose Mean Joe to represent him on the board, but picked his father, a brother-in-law who is a regional manager with Bankers Trust, and the president of Cocoline.

A letter to the police

Bell says he doesn't think it would be appropriate to be on the board himself, but adds, "We will press our litigation and press for more shares." He has signaled a new and ugly phase in his rivalry with Dowdy. On the day the new board was constituted, Bell's attorney, Howard B. Sirota, 32, sent the New York City Police Department a letter alleging that Dowdy has a defective license for two pistols and that a numbers game operates at an HCC-owned building. Dowdy responds that the permit renewals are legal and that he has repeatedly told the authorities about the alleged numbers operation run by an HCC tenant. Says Dowdy: "My character has been assassinated by Mr. Bell."

Wachtell Lipton promises to stick around to keep an eye on Bell. George Katz says the firm will work with Freedom National "until such time as we and management are assured that dissident efforts to disrupt the bank's course or to use the bank as a personal power base are eliminated." In Harlem, the ballots may be counted but acrimony lingers on.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cover 1, p.2-3, 72-74, 78,

121-122, 124, 126, 128,

136-140, 142.